

**TESTIMONY BEFORE THE MICHIGAN HOUSE**  
**ECONOMIC DEVELOPMENT SUBCOMMITTEE**

**MICHIGAN CONSTRUCTION TRADES – WORKFORCE DEVELOPMENT**

**April 23, 2015**

**OBJECTIVE:** Encourage our political leaders in Lansing to invest in and support workforce development in Michigan's construction trades.

**A. *INTRODUCTION – Larry Brinker Jr., Construction Association of Michigan, CAM, Chairman of the Board and President of the Brinker Group of Detroit.***

First, I'd like to thank the Committee for affording CAM the opportunity to come before you today to address the issue of workforce development in the State of Michigan as it concerns the construction industry.

**B. *CAM – THE CONSTRUCTION ASSOCIATION OF MICHIGAN***

Founded in 1885, the Construction Association of Michigan (CAM) is the oldest and largest construction association in North America. CAM is a not-for-profit organization governed by a 12 member Board of Directors. CAM's membership is comprised of general contractors; construction managers, specialty/subcontractors; architects and engineers; equipment and material suppliers; and service firms such as accountants and attorneys. Our members are both union and non-union. We truly represent the entire construction industry. CAM membership offers access to many cost controlling and profit increasing benefits. CAM operates a Credit Union, a Group Health Insurance Program and a Self-Insured Workers Compensation fund. We offer construction publications (like CAM Magazine, CAM Buyers Guide and on line bidding reports), labor relations, government affairs, safety training and continuing education to name just a few services. We have two locations, our headquarters in Bloomfield Hills and our Tri-City location in Saginaw.

**C. *WORKFORCE DEVELOPMENT IS ONE OF OUR PRIMARY CONCERNS***

At the end of this past decade's **Great Recession**, the State of Michigan lost 42% of its construction workforce from its peak of 214,900 in April of 2000 to 124,900 in July of 2013. That's a loss of 89,300 in Michigan's construction workforce [**EXHIBIT 1**]. Construction workers were forced to find new professions or leave Michigan for good in order to make a living and provide for their families.

Compounding the problem, the current construction workforce across most of the various construction trades is **getting older** and many have either **retired** or are nearing **retirement** age. Three in four construction skilled trade vacancies through 2020 will be based on the need to replace existing workers due to retirement. These statistics do not factor in the number of construction professionals we are losing to other states.

2. The shortage of qualified professional and skilled labor in both the current and future construction workforce and the need to support the effective use of existing, established training centers and programs in order to encourage young adults in their high school and college years to pursue and take advantage of the great employment opportunities that exist in the myriad of available construction opportunities. Rebuilding Michigan's depleted construction workforce is a crucial need for meeting the rising demand for buildings in the wake of the recent recession. We don't have enough construction labor, either professionally or in the skilled trades, to meet the needs of Michigan, or even the needs of Metro Detroit in the next four to five years.

3. Our industry has identified several specific issues for review and discussion. Specifically:

- The need to attract younger people to work in the construction industry
- The need to effectively utilize existing established training centers and programs
- Promoting the construction Industry as a legitimate viable career option
- Executive Development

4. **College is not always the best option for every young adult.**

From an economic standpoint, with each passing year college is becoming more and more expensive and unaffordable for young adults and their families with annual tuition increases far exceeding the rate of inflation over the last 15 years. Young adults and their families are incurring thousands of dollars of debt to earn their undergraduate degrees **[EXHIBIT 2]**.

5. Supporting Workforce Development in the Construction Trades in the State of Michigan provides the following industry-wide/taxpayer benefits:

1. Fills the critical need in our State for current + future construction workers;
2. The higher number of construction trade workers will result in construction projects being completed in a timely, cost-effective and safe manner;
3. The higher the number of construction trades work hours increases contributions to the union multi-employer insurance plans and pension plans, which stabilizes and strengthens the financial health of the plans; and

4. Due to the many existing and established Union trades training centers, taxpayers incur no cost of young adults matriculating through an apprenticeship program.

Moreover, a career in 1 of the several available construction professions affords young adults w/ the ability to:

1. Access a viable career path option without spending time and \$ in an environment that is not well-suited to their interest and abilities;
2. Learn a skilled trade; attaining valuable hands-on exper., while earning a paycheck;
3. Learn a skilled trade that they can use now and build upon for the rest of their working years (30 + years);
4. Incur no financial debt during their apprenticeship or internship;
5. Consequently, upon becoming a journeyman, starting their career with no debt, but instead, money in the bank;
6. Earn a good living for themselves and their families and thereby realize the *American Dream* like those before them.

#### **E. WHAT IS CAM DOING AND HOW CAN THE MICHIGAN LEGISLATURE HELP?**

1. CAM is working to establish a partnership with the State of Michigan, specifically with the Michigan Talent Investment Agency. The agency has established different incentives to attract people back to Michigan who left during the downturn. It also has certain incentives for employers to hire people in skilled trade apprenticeship or pre-apprenticeship programs.

*For example, the **Detroit Registered Apprenticeship Pilot Program (D-RAPP)** is designed to recruit and prepare Detroit residents with marketable skills, allowing them to earn and learn in high-demand fields. D-RAPP offers training to assist residents in preparing to become apprentices. Each employer agrees to register their apprenticeship program with the U.S. Department of Labor and provide apprenticeship opportunities for low-income Detroiters. Each participant attends a 60-hour pre-apprentice training program. For each Detroit resident placed into a registered apprenticeship program, the Michigan Workforce Development Agency and Detroit Employment Solutions Corporation provide an incentive of \$5,000 to the apprenticeship program or employer, which can then be used to help provide classroom training and/or tools.*

2. As part of the proposed partnership, CAM could disseminate information, not only on these incentives, but also on job opportunities in both skilled trade labor and in professional construction careers. CAM has established a website exclusively dedicated to workforce development. We plan to make the CAM-CORE (Construction Opportunity Resources Education) website the home portal for people who want to work in construction.

The website was only recently launched, but it already contains information on specific trades, professional opportunities and various incentive programs. The [www.cam-core.com](http://www.cam-core.com) website has links to the following information:

- Information and videos on specific skilled trades and the average wage per hour
- Construction management programs at various Michigan universities
- Scholarship programs and other education funding sources
- Professional development for existing construction professionals, including links to CAM-TEC

Our goal is to make this website the one people go to first for construction jobs and careers. By partnering with the State of Michigan, we plan to link with their websites on workforce development and their information on job opportunities.

This proposed mutually beneficial partnership between CAM and the State of Michigan will round out the information available on the CAM-CORE website, but it will also help the State of Michigan be successful in their own promotional campaign to attract workers and businesses to the Great Lakes State. We need your help getting the state agencies behind this.

3. Another initiative involves going into high schools on career days to share information on trade labor wages and benefits, both short and long term. Our goal is to inform high school and college students that a typical four-year apprenticeship program comes without any school loans after completion of the program, as well as great pension and healthcare benefits. *We were at South Lyon East High School yesterday* and have two more high school visits booked. We could benefit greatly by a grant or other financial stimulus to really expand this programming.
4. In addition, CAM has established a Young Professional Committee for construction personnel under 35 years old seeking professional career development.

**Overall, CAM has identified four target populations in its workforce initiative:**

- The promotion of the construction industry to middle and high school students to get them excited about construction
- The promotion of meaningful skilled labor and professional opportunities to high school graduates who may not be college bound
- Creating a focus on retaining Michigan's college degree construction professionals after graduation
- Incentivizing experienced construction talent to come back to Michigan

**BOTTOM LINE**

**What are we asking the Legislature to do for us?**

1. More funding for CAM's Training Programs for Young Professionals and Pre-Apprentice training.
2. A state sponsored/funded ad campaign similar to Pure Michigan, to attract construction workers and professionals back to Michigan.
3. Explore expanding college credit eligibility for purposes of earning a formal undergraduate degree when completing apprenticeship classes.
4. Also any help the legislature can give us in our quest to partner with the MEDC.

***THANK YOU***

Thanks again for affording me the opportunity to speak today on this issue before this subcommittee.

If I can, I'll try to answer any questions or address any concerns you may have.

# The Great Recession and the Construction Workforce

## Peak vs. July 2013

Top 5 States	Peak Month/Year	Peak Total	July 2013	Total Loss	% change from peak
North Dakota	Jun 2013	32,000	31,800	-100	0%
Louisiana	May 2013	137,000	133,800	-3,200	-2%
Oklahoma	Sep 2008	76,500	70,800	-5,700	-7%
Texas	Apr 2008	679,000	615,900	-63,100	-9%
Iowa	Feb 2006	76,500	68,600	-7,900	-10%
Bottom 5 States	Peak Month/Year	Peak Total	July 2013	Total Loss	% change from peak
Idaho	Jun 2006	53,300	31,300	-22,000	-41%
Michigan	Apr 2000	214,200	124,900	-89,300	-42%
Arizona	Jun 2006	244,300	124,900	-119,400	-49%
Florida	Jun 2006	691,900	355,700	-336,200	-49%
Nevada	Jun 2006	146,400	51,700	-94,700	-65%

## AVERAGE DEBT FOR STUDENTS EARNING ADVANCED DEGREES

The average amount of debt students are accruing after getting both an undergraduate and a graduate degree is rapidly climbing.

Degree	2004 average debt (monthly payment)	2008 average debt (monthly payment)	2012 average debt (monthly payment)
Master of Business Administration	\$41,373 (\$349)	\$44,496 (\$375)	\$42,000 (\$354)
Master of Education	\$30,726 (\$259)	\$33,910 (\$286)	\$50,879 (\$429)
Master of Science	\$34,965 (\$295)	\$41,904 (\$354)	\$50,400 (\$425)
Master of Arts	\$37,965 (\$320)	\$43,247 (\$365)	\$58,529 (\$494)
Law (LLB or JD)	\$88,634 (\$748)	\$90,052 (\$760)	\$140,616 (\$1,187)
Medicine and Health Sciences	\$123,203 (\$1,040)	\$127,132 (\$1,073)	\$161,772 (\$1,365)
All other master's degrees	\$31,650 (\$267)	\$46,085 (\$389)	\$55,489 (\$468)

Note: Figures use real 2012 dollars. Monthly payments assume 6% interest rate and 15-year repayment term. Information is limited to those who complete degrees.

Source: New America Education Program

12/11/12